

(2) An amount equal to the sum of:

(i) The amount by which the widow's or widower's insurance benefit would be reduced under § 404.410 for months prior to age 62; and

(ii) The amount by which the old-age insurance benefit would be reduced under § 404.410 if it were equal to the excess of the individual's primary insurance amount over the widow's or widower's insurance benefit before any reduction for age (but after any reduction for the family maximum under § 404.403).

(d) *Reduction in wife's or husband's insurance benefits when entitled to reduced old-age insurance benefits in the same month.* A wife's or husband's insurance benefit to which a person is first entitled in or after the month of attainment of age 62 is reduced if, in his or her first month of entitlement to that benefit, he or she is also entitled to an old-age insurance benefit (but is not entitled to a disability insurance benefit) to which he or she was first entitled for a month before attainment of age 65. Under these circumstances, the wife's or husband's insurance benefit is reduced by the sum of:

(1) The amount by which the old-age insurance benefit would be reduced under the provisions of § 404.410; and

(2) The amount by which the wife's or husband's insurance benefit would be reduced under the provisions of § 404.410 if it were equal to the excess of such benefit (before any reduction for age but after reduction for the family maximum under § 404.403) over the individual's own primary insurance amount.

(e) *Reduction in wife's, husband's, widow's or widower's insurance benefit because of entitlement to disability insurance benefits in the same month.* A wife's, husband's, widow's, or widower's insurance benefit to which a person is first entitled in or after the month of attainment of age 62 (or in the case of widow's or widower's insurance benefits, age 50) is reduced if, in his or her first month of entitlement to that benefit, he or she is also entitled to a disability insurance benefit. Under these circumstances, the wife's, husband's, widow's, or widower's insurance benefit is reduced by the sum of:

(1) The amount (if any) by which the disability insurance benefit is reduced

under paragraph (b)(1) of this section, and

(2) The amount by which the wife's, husband's, widow's, or widower's insurance benefit would be reduced under § 404.410 if it were equal to the excess of such benefit (before any reduction for age but after reduction for the family maximum under § 404.403) over the disability insurance benefit (before any reduction under paragraph (b) of this section).

[40 FR 30816, July 23, 1975, as amended at 55 FR 50551, Dec. 7, 1990]

§ 404.412 Adjustments in benefit reductions for age.

(a) *General.* The following months are not counted for purposes of reducing benefits in accordance with § 404.410;

(1) Months subject to deduction under § 404.415, § 404.417, or § 404.422;

(2) In the case of wife's or husband's insurance benefits, any month in which she or he had a child of the insured individual in her or his care and for which the child was entitled to child's benefits;

(3) In the case of wife's or husband's insurance benefits, any month for which entitlement to such benefits is precluded because the insured person's disability ceased (and, as a result, the insured individual's entitlement to disability insurance benefits ended);

(4) In the case of widow's or widower's insurance benefits, any month in which she or he had in her or his care a child of the deceased insured individual and for which the child was entitled to child's benefits;

(5) In the case of widow's or widower's insurance benefits, any month before attainment of age 62 and any month between age 62 and attainment of age 65 for which he or she was not entitled to such benefits;

(6) In the case of old-age insurance benefits, any month for which the individual was entitled to disability insurance benefits.

(b) *Adjustment by Social Security Administration.* Adjustments in benefits to exclude those months of entitlement which are described in paragraphs (a) (1) through (6) of this section from consideration in determining the amount by which such benefits are reduced are

made automatically. Each year the Social Security Administration examines beneficiary records to identify those instances in which an individual has attained age 65 (or age 62 in the case of widow's or widower's insurance benefits) and one or more months described in paragraphs (a) (1) through (6) of this section occurred prior to such age during the period of entitlement to benefits reduced for age. Increases in benefit amounts based upon this adjustment are effective with the month of attainment of age 65, or in the case of widow's and widower's insurance benefits, the month of attainment of age 65 or age 62 (whichever applies).

[40 FR 30817, July 23, 1975, as amended at 49 FR 24117, June 12, 1984]

§ 404.413 Reduction in benefits for age following an increase in primary insurance amounts.

(a) *General.* When an individual's benefits have been reduced for age under the provisions of §§ 404.410 through 404.411, the primary insurance amount on which such benefits are based may be subsequently increased because of recomputation, a general benefit increase pursuant to an amendment of the Act, or increases based upon rises in the cost-of-living under section 215(i) of the Social Security Act. Where the individual's benefits are increased because of an increase in the primary insurance amount, such benefits are reduced separately under §§ 404.410 and 404.411. The benefit amount for months before the effective date of the increase in the primary insurance amount is reduced under § 404.410 (and § 404.411, if applicable) and added to the amount of increase in benefit amount which has been reduced for months of entitlement to the increase prior to the individual's retirement age; the resulting sum will be the total benefit amount to which the individual is entitled for the month of such increase and months thereafter.

(b) *Subsequent reduction of increases in reduced benefit after 1977 applies as or original entitlement.* When an individual's benefits have been reduced for age and the benefit is increased after 1977 due to a rise in the primary insurance amount, the amount of the increase to which the individual is entitled is proportionately reduced as provided in

paragraph (c) of this section. When an individual is entitled to more than one benefit which is reduced for age, the rules for reducing the benefit increases apply to each reduced benefit.

(c) *How reduction is computed—*(1) *Entitlement to reduced benefits after 1977.* If an individual becomes entitled after 1977 to a benefit reduced for age, and the primary insurance amount on which the reduced benefit is based is increased, the amount of the increase payable to the individual is reduced by the same percentage as used to reduce the benefit in the month of initial entitlement. Where the reduced benefit of an individual has been adjusted at age 65 (age 62 and 65 for widows) any increase to which the individual becomes entitled thereafter is reduced by the adjusted percentage.

(2) *Entitlement to reduced benefits before 1978.* An individual who became entitled to a benefit reduced for age before 1978, and whose benefit may be increased as a result of an increase in the primary insurance amount after 1977, shall have the amount of the benefit to which he or she is entitled increased by the same percentage as the increase in the primary insurance amount.

[40 FR 30817, July 23, 1975, as amended at 43 FR 33706, Aug. 1, 1978]

§ 404.415 Deductions because of excess earnings; annual earnings test.

(a) *Deductions because of beneficiary's earnings.* Under the annual earnings test, deductions are made from monthly benefits (except disability insurance benefits, child's insurance benefits based on the child's disability, or widow's or widower's insurance benefits based on the widow's or widower's disability) payable to a beneficiary for each month in a taxable year (whether a calendar year or a fiscal year) beginning after December 1954 in which the beneficiary is under age 72 (age 70 after December 1982) and to which excess earnings are charged under the provisions described in § 404.434.

(b) *Deductions from husband's, wife's, or child's benefits because of excess earnings of the insured individual.* Deductions are made from the wife's, husband's, or child's insurance benefits payable (or deemed payable—see § 404.420) on the insured individual's